

2016 Marketplace Open Enrollment

Website Statement

Preferred Medical Plan, Inc. has been working with the Florida Office of Insurance Regulation (FLOIR) for several months in anticipation of the 2016 Open Enrollment Period for the Marketplace Exchange. As you are aware, Preferred Medical Plan faced numerous challenges, including a \$97 million risk adjustment assessment in July 2015.

Regardless of the challenges, Preferred Medical Plan addressed its issues, including making the Risk Adjustment payment in full in August 2015. In September 2015, we had our rates for the 2016 Marketplace approved, and we signed our QHP Contract to participate on the 2016 Marketplace Exchange on September 22, 2015.

However, on October 1, 2015, the Centers for Medicare and Medicaid Services (CMS) announced there was a nearly \$2.5 billion shortfall in the [Risk Corridor program](#), the third of the “3Rs.” The Risk Corridor program was designed to mitigate any adverse impact health plans may experience under the Affordable Care Act. CMS stated that they would only be paying 12.6 percent of any health plan’s risk corridor payment, and that the balance owed to health plans would be paid in subsequent years.

On October 8, 2015, the FLOIR issued [Informational Memorandum OIR-15-07M](#) in response to CMS’ announcement. This memorandum stated that the FLOIR’s position on Risk Corridor was that amounts due from CMS in excess of the 12.6 percent was “uncollectible”. Health plans with a Risk Corridor receivable would be required to write off any amount beyond the 12.6 percent. This decision was unexpected, and had a direct impact on Preferred Medical Plan which is owed nearly \$28 million in Risk Corridor payments.

The result of CMS’s announcement and the FLOIR’s position has led to a delay of Preferred Medical Plan’s clearance to participate on the 2016 Marketplace Exchange. As a result, our QHP application has not yet been signed by CMS, and we are therefore currently not available as a plan option on the Marketplace Exchange.

Preferred Medical Plan’s Executive Leadership is working closely with the FLOIR to address these concerns and to allow Preferred Medical Plan to participate on the 2016 Marketplace Exchange. We remain optimistic that we will resolve our regulator’s issues and quickly get back to enrolling our existing members and new members into Preferred Medical Plan for 2016.